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SUBJECT: A/S FELTMAN AND FM ZEBARI CO-CHAIR DIPLOMATIC JCC-
PART II: CHAPTER VII

REF: 09 BAGHDAD 130342

Classified By: Acting Deputy Chief of Mission Gary A. Grappo for reason
1.4 (b) and (d).

¶1. (C) Summary: On January 24, Assistant Secretary for Near Eastern Affairs Jeffrey Feltman, A/DCM, and a delegation of experts on Chapter VII issues met with Iraqi Foreign Minister Hoshyar Zebari and an interministerial committee of Iraqi experts at the Ministry of Foreign Affairs in Baghdad. The discussion marked the inaugural meeting of the Diplomatic Joint Coordination Committee (JCC), and focused on regional relations and the way forward on a host of Chapter VII issues, as well as plans for future bilateral engagement and cooperation. This cable focuses on the latter half of the JCC, which consisted of a discussion of Chapter VII issues. Part I of this series focuses on the JCC's discussion of regional relations. End summary.

¶2. (C) NEA A/S Jeffrey Feltman co-chaired the first meeting of the Diplomatic and Political Joint Coordination Committee with FM Hoshyar Zebari at the MFA on January 24. The Iraqi interministerial committee at the meeting included Zebari's COS Sroud Najib, DFM Labeed Abbawi, Senior Policy Advisor Fareed Yasseen, Ambassador Mohammed al-Hamameidi, PM legal advisor Fadel Jawad Kadhum, and PM Advisor Sadiq Rikabi, as well as other experts. The U.S. side included A/DCM, Deputy Pol/C, NEA Senior Advisor Elissa Slotkin, USUN Deputy Political Counselor Ellen Germain, NSC Advisor Peter Vrooman, Attorney Advisor Jeremy Sharpe, IO officer Bill Haldeman, and Iraq desk officer Wa'el Alzayat. FM Zebari welcomed A/S Feltman and his delegation to Iraq and stated that the messages conveyed by Vice President Biden during his visit the previous weekend "reinforced the depth of the U.S.-Iraq relationship".

CHARTING A PATH FORWARD ON WMD

¶3. (C) International Organizations Director Mohammed Hamameidi initiated the JCC's discussion of WMD, stating that the GOI is moving towards resolution of outstanding WMD requirements within the prescribed timeframe. Hamameidi laid out next steps in the WMD discussion, recapping that FM Zebari sent a letter along the lines of the draft proposed in ref A to the President of the Council and the Director General of the IAEA. He said this would be followed by a determination and letter from the IAEA verifying Iraq's compliance with WMD requirements and hopefully a resolution within the Security Council before March 1. Attorney Advisor Jeremy Sharpe raised the issue that the letter submitted by the MFA displayed several material differences from the draft suggested by the USG. PM Legal Advisor Fadel responded that the MFA can work with the USG to iron out any material differences from the suggested draft that require resolution. Deputy Pol Counselor Germain noted that the letter generated "good atmospherics" and a generally positive response from

Security Council groups within the first hours of its receipt. She stressed that as the letter is forwarded to world capitals, the USG and MFA should work together to form an effective presidential statement.

¶4. (C) FM Zebari added that the GOI has a plan for ratifying the Additional Protocol (AP) and that it is currently on the agenda in the Iraqi Parliament, but remains unaddressed due to failures to reach quorum. A/S Feltman echoed VP Biden's points earlier in the week, emphasizing that resolving WMD before the March 7 elections would send the right message to the international community, and that the USG needs the GOI to work with members of the Security Council so that the way forward does not appear to be a USG initiative. The FM agreed to the U.S. suggestion to dispatch a high-level team to New York next month to advocate lifting WMD resolutions.

U.S. VICTIMS CLAIMS AND THE QUEST FOR A NUMBER

¶5. (C) PM Legal Advisor Fadel opened the discussion of American victims claims, stating that the GOI is awaiting the USG's response on the text it proposed. Fadel elaborated that a committee is deliberating an amount for the GOI counterproposal, which will require agreement from the Prime Minister and Parliament before it can be offered to the USG. Attorney Advisor Sharpe asserted that a counterproposal from the GOI on American claims is not dependent on a final text of the settlement document, adding that because the scope of the agreement is closed, a counterproposal from the Iraqi side is the most important catalyst for moving forward on the claims issue. Sharpe also raised the point that because the

claimants took their cases to Congress, the latter is now an essential piece of the negotiations and cannot be overlooked.

¶6. (C) PM Advisor Rikabi offered the view that excluding September 11 and Oklahoma City cases from the amount will complicate discussions on the Iraqi side, as will the recent Blackwater developments. Special Advisor Slotkin noted Rikabi's viewpoint and stated that the USG is willing to help by working on putting together correct language for the counteroffer, but that the USG will then need an amount from the GOI. FM Zebari concluded the discussion, stating that the Council of Ministers (COM) originally formed a commission to resolve the claims and DFI issue, and that the MFA recently formed a new commission on Chapter VII with some of the members of the former commission. Claims, and other Chapter VII-related issues are "MFA territory," he asserted, and then wryly intimated to the group that GOI decisionmakers already "have a number" in mind to settle the Amcit claims.

OIL FOR FOOD AND DEVELOPMENT FUND FOR IRAQ

¶7. (C) FM Zebari shifted the JCC's focus to Oil For Food (OFF), thanking the U.S. delegation for its assistance with the passage of UN Resolution 1905 and sharing that the GOI is currently clearing 76 disputed OFF contracts in two GOI committees and examining alternatives to the Development Fund for Iraq (DFI). He stated that on April 1, the GOI will issue a letter outlining next steps, which will include opening an account at the Federal Reserve Bank as a substitute for the DFI, to be managed by the Central Bank of Iraq (CBI), or opening an account directly at the CBI. Head of the Supreme Auditor's Office Abdul Basit Saeed pointed out that the protection of immunities could be a potential issue if the account is opened directly at the CBI. A/S Feltman proposed that the US Embassy work with Dr. Abdul Basit to explore the two options and find a way forward.

¶8. (C) The FM stressed that the GOI is making progress on both WMD and OFF issues. He said that A/DCM alerted him that the GOI would receive a letter stating it will have 90 days to resolve claims, but that the GOI needs to resolve disputed contracts in order to pay for these claims. FM Zebari said

he is hopeful the GOI will meet its obligations under 1905 and submit both required reports by April. Zebari also asked the USG to secure a host of archived Iraqi documents on OFF that are currently in a palace under USG control. Post is prepared to facilitate this request.

¶9. (C) Senior MFA advisor Mohammed al-Haj Hamoud urged the USG to renew a presidential order, scheduled to expire in May, for one year until the GOI can resolve claims. PM Legal Advisor Fadel added that another concern is the GOI's need to prepare itself for next year by securing the GOI's accounts and assets around the world and, with USG support, find a way to get out of Chapter VII and resolve the DFI. A/S Feltman proposed initiating involved conversations between U.S. Embassy Baghdad's legal advisors, A/DCM, and Dr. Abdul Basit to resolve the particulars of the DFI issue. Because the DFI has been extended for a year and there has been some progress on claims, he further stated, there may be justification for seeking an extension of the executive order. NSC Advisor Vrooman indicated that the group would work with economic and treasury experts to lay the groundwork to extend the Executive order. Attorney Advisor Sharpe stressed that the U.S. victims claims issue drives the DFI, and the most important next step is to resolve the victim claims before May to remove "the single, greatest impediment" to an extension.

BILATERAL INITIATIVES AND NEXT STEPS

¶10. (C) Upon concluding the discussion of Chapter VII issues, Senior MFA Policy Advisor Fareed Yasseen asked A/S Feltman whether Iraq is still an agenda item in meetings with the P-5 and other countries. A/S Feltman responded that discussions about Iraq differ from a few years ago, and currently focus on an emphasis that Iraq is a sovereign state with which the U.S. has a partnership. To this end, the A/S asked Iraq Desk Officer Alzayat to share plans for the upcoming Mid-level Diplomats Program. Alzayat conveyed the USG's anticipation of the third visit of Iraqi diplomats to Washington this year to attend courses at Georgetown University and participate in an orientation tour of USG agencies and offices. He stated that Washington will work with the MFA and the U.S. Embassy to finalize a list of participants. A/S Feltman and FM Zebari adjourned the JCC meeting by agreeing to a February JCC working group session via videoconference.

¶11. (C) The JCC identified several action items for various JCC participants, the U.S. Embassy in Baghdad, and the Department. Embassy discussions following the JCC revealed the following JCC-related action items:

- Resolve material differences between the MFA's letter to the IAEA and Security Council and the draft proposed by the USG (reftel). Action: Legal and USUN
- Determine the best timing for Senior Iraqi MFA interventions on WMD at the Security Council. Action: USUN
- Address Iraq's stated need to amend Article 5 of the draft U.S.-Iraqi Claims Settlement Agreement to provide for a mechanism to study potential Iraqi claims against the United States. Action: Legal
- Identify when the UNSC letter regarding terms of payment for OFF will be sent. Action: USUN
- Examine options for establishing the groundwork for an extension of the executive order scheduled to expire in May and whether an extension should be used as leverage for conclusion of the U.S. citizen claims agreement, noting renewed interest by Rep. Braley and other members of Congress in pursuing a legislative solution if a claims agreement is not soon concluded. Action: Econ, Legal
- Continue to work with MFA to determine how best to transfer

archived documents to MFA custody. Action: Econ, MFA

- Suggest terms of payment via a Federal Reserve account for the GOI and explore options for setting up the account
Action: Econ, Treasury, Legal

- Structure and move forward with the Mid-level Diplomats Program discussed at the JCC. Action: NEA/I, POL

¶12. (U) Assistant Secretary of State for Near Eastern Affairs Jeffrey Feltman approved this cable.

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